

EXHIBIT A

King Mountain Tobacco
Five Year Cash Projection
2021 to 2025

	2021	2022	2023	2024	2025
Beginning Cash Balance	\$ 1,950,000	\$ 1,865,000	\$ 2,027,000	\$ 2,555,000	\$ 3,236,000
Cash Receipts					
Tobacco Sales	31,500,000	31,973,000	32,453,000	32,940,000	33,434,000
Farming Income	400,000	400,000	400,000	400,000	400,000
Investment Income (Escrow Accounts)	360,000	360,000	360,000	360,000	360,000
Total Cash Receipts	32,260,000	32,733,000	33,213,000	33,700,000	34,194,000
Operating Disbursements					
Processed Tobacco	1,463,000	1,540,000	1,586,000	1,634,000	1,683,000
Packaging	450,000	473,000	497,000	522,000	548,000
Raw Materials	800,000	840,000	882,000	926,000	972,000
Shipping	350,000	357,000	364,000	371,000	378,000
Payroll Expense (Wages & FICA)	3,900,000	3,998,000	4,098,000	4,200,000	4,305,000
L&I (Quarterly)	140,000	140,000	140,000	140,000	140,000
Employee Benefits	690,000	725,000	761,000	799,000	839,000
General Insurance	700,000	735,000	772,000	811,000	852,000
Bond Insurance	60,000	63,000	66,000	69,000	72,000
Professional Fund	900,000	900,000	500,000	300,000	200,000
Travel Expense	85,000	88,000	91,000	94,000	97,000
Rent Expense	160,000	165,000	170,000	175,000	180,000
Supplies & Other Operating Expense	600,000	630,000	662,000	695,000	730,000
Repairs & Maintenance	500,000	515,000	530,000	546,000	562,000
Land Lease Payments	185,000	191,000	197,000	203,000	209,000
Irrigation (O&M) payments	425,000	438,000	451,000	465,000	479,000
Utilities	250,000	263,000	276,000	290,000	305,000
MSA Escrow Management Fees	36,000	36,000	36,000	36,000	36,000
Fuel Expense	150,000	158,000	166,000	174,000	183,000
Federal Excise Taxes	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000
MSA Quarterly Deposits	3,050,000	3,149,000	3,251,000	3,357,000	3,466,000
FDA Taxes (Quarterly)	725,000	747,000	769,000	792,000	816,000
Yakama Nation Cigarette Stamps	810,000	810,000	810,000	810,000	810,000
Total Operating Disbursements	30,179,000	30,711,000	30,825,000	31,159,000	31,612,000
Plan Disbursements					
Class 1: TTB	600,000	600,000	600,000	600,000	600,000
Class 2: FIRST Insurance Funding	-	-	-	-	-
Class 3: State of Indiana	300,000	300,000	300,000	300,000	300,000
Class 4: State of South Carolina	180,000	180,000	180,000	180,000	180,000
Class 5: USDA	360,000	360,000	360,000	360,000	360,000
Class 6: FDA	300,000	300,000	300,000	300,000	300,000
Class 7: Admin Convenience	4,000	-	-	-	-
Class 8: General Unsecured	120,000	120,000	120,000	120,000	120,000
UST Quarterly Fees	302,000	-	-	-	-
Total Plan Disbursements	2,166,000	1,860,000	1,860,000	1,860,000	1,860,000
Total Disbursements	32,345,000	32,571,000	32,685,000	33,019,000	33,472,000
Net Cash Flow	(85,000)	162,000	528,000	681,000	722,000
Ending Cash Balance	\$ 1,865,000	\$ 2,027,000	\$ 2,555,000	\$ 3,236,000	\$ 3,958,000

EXHIBIT B

King Mountain Tobacco
Balance Sheets
As of

	<u>12/31/2019</u>	<u>12/31/2018</u>
ASSETS		
Current Assets		
Cash	\$ 1,183,246	\$ 382,253
Accounts Receivable	1,169,358	1,699,526
Inventory	3,763,983	5,073,674
Retainers/Deposits	125,000	250,000
Prepaid Expense	620,078	-
Total Current Assets	6,861,664	7,405,453
Long-Term Receivables		
Intercompany Receivables	12,678,738	11,958,994
Employee Receivables	189,055	193,355
Notes Receivable	-	-
Total Long-Term Receivables	12,867,792	12,152,349
Fixed Assets		
Land Improvements	-	-
Buildings	-	-
Equipment	14,910,753	14,910,753
Vehicles	136,325	136,325
Construction in Progress	535,872	246,686
Accumulated Depreciation	(10,739,631)	(9,768,111)
Net Fixed Assets	4,843,318	5,525,653
TOTAL ASSETS	\$ 24,572,775	\$ 25,083,454
LIABILITIES & EQUITY		
Current Liabilities		
DW Loan Payable	\$ -	\$ -
Accounts Payable	1,170,731	628,784
Current Regulatory Taxes Payable	1,143,612	981,597
Accrued Expenses	(2,836)	3,117
Total Current Liabilities	2,311,507	1,613,499
Long-Term Liabilities		
Intercompany Payables	564,879	564,879
Notes Payable	-	-
Regulatory Agencies Payable	49,878,136	47,394,088
Total Long-Term Liabilities	50,443,015	47,958,967
Total Liabilities	52,754,523	49,572,465
Equity		
Common Stock & APIC	6,229,992	6,229,992
Retained Earnings	(34,411,740)	(30,719,004)
Total Equity	(28,181,748)	(24,489,011)
TOTAL LIABILITIES & EQUITY	\$ 24,572,775	\$ 25,083,454

**King Mountain Tobacco
Income Statement
For the Year Ended**

	<u>12/31/2019</u>
INCOME	
Tobacco Sales	\$ 29,979,789
Farming Income	349,896
Consulting/Licensing/Contract Man	21,514
Sales Discounts	(405,184)
Total Income	<u>29,946,015</u>
Cost of Goods Sold	
Tobacco	1,238,603
Raw Materials	1,014,071
Direct Labor & Costs	2,727,495
Shipping	314,384
Growing Expense	431,772
Change in Inventory	1,309,691
Excise Taxes	21,832,433
Total COGS	<u>28,868,449</u>
Gross Profit	1,077,566
OPERATING EXPENSES	
Wages & Benefits	4,350,768
Professional Fees	1,080,129
Rent Expense	394,052
Repairs & Maintenance	1,304,764
Insurance	639,879
Operations	398,997
Fuel Expense	156,323
Depreciation Expense	971,520
Travel Expense	304,492
Irrigation Expense	425,647
Utilities	222,410
Advertising	121,964
Direct Costs Allocated to COGS	(2,727,495)
Capitalized Expenses	-
Total Operating Expense	<u>7,643,451</u>
Net Ordinary Income	(6,565,885)
OTHER INCOME (EXPENSE)	
Interest Income	1,647,954
Miscellaneous Income	1,414,688
Bad Debt	-
Interest Expense	(189,494)
Inventory Adjustment	-
Gain/Loss Sale of Assets	-
Other Nonoperating Expenses	-
Net Other Income (Expense)	<u>2,873,149</u>
Net Income	<u><u>\$ (3,692,737)</u></u>

King Mountain Tobacco
Balance Sheets
As Of

	<u>12/31/2019</u>	<u>12/31/2018</u>
ASSETS		
Current Assets		
Cash	\$ 1,183,246.07	\$ 382,252.98
Accounts Receivable	1,169,357.60	1,699,526.02
Wheeler Tobacco Inventory	1,933,139.26	2,599,614.42
Processed Tobacco Inventory	92,912.16	159,362.34
Packing/Supplies Inventory	405,760.58	504,442.61
Cigarette Inventory	1,326,497.02	1,805,420.37
RYO Inventory	5,673.65	4,833.84
Retainers/Deposits	125,000.00	250,000.00
Prepaid Expense	620,078.02	-
Total Current Assets	6,861,664.36	7,405,452.58
Long-Term Receivables		
Farming Receivable	-	-
Mt. Tobacco Receivable	4,760,351.18	4,705,351.18
Logging Receivable	4,245,580.95	4,245,580.95
Rock Pit Receivable	1,521,198.38	1,521,198.38
Cattle Receivable	1,636,820.46	972,077.23
Pawn Stars Receivable	282,993.20	282,993.20
WFD Receivable	249,999.72	249,999.72
Neon Native Receivable	-	-
SNG Receivable	(18,206.34)	(18,206.34)
Employee Receivable	122,645.44	126,945.44
Kamiakin Wheeler Receivable	66,409.09	66,409.09
Federal Gov Receivable	-	-
Notes Receivable	-	-
Officer Loan Receivable	-	-
Total Long-Term Receivables	12,867,792.08	12,152,348.85
Fixed Assets		
Land Improvements	-	-
Buildings	-	-
Threshing & Blending Lines	-	-
Boiler	560,825.00	560,825.00
Equipment	4,909,051.04	4,909,051.04
Farm Equipment	-	-
Furniture & Fixtures	39,466.20	39,466.20
Vehicles	136,324.53	136,324.53
Computers & Software	13,300.00	13,300.00
Greenhouses - Farm	1,096,557.15	1,096,557.15
Burley Barns - Farm	927,635.19	927,635.19
Equipment - Farm	2,400,902.76	2,400,902.76
Kilns - Farm	1,744,058.32	1,744,058.32
Other Improvements - Farm	738,162.98	738,162.98
Irrigation - Farm	2,480,794.17	2,480,794.17
Contruction in Progress	535,871.67	246,686.25
Accumulated Depreciation	(4,362,870.87)	(4,128,935.01)
Accumulated Depreciation - Farm	(6,376,759.99)	(5,639,176.07)
Net Fixed Assets	4,843,318.15	5,525,652.51
TOTAL ASSETS	\$ 24,572,774.59	\$ 25,083,453.94

King Mountain Tobacco
Balance Sheets
As Of

	<u>12/31/2019</u>	<u>12/31/2018</u>
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	\$ 1,170,731.23	\$ 628,784.32
Payroll Liabilities	(2,836.16)	3,117.47
Short-Term TTB Payable	437,736.34	419,688.25
Short-Term MSA Payable	523,881.76	561,908.71
Short-Term FDA Tax Payable	181,994.04	-
Other Short-Term Payables	-	-
Total Current Liabilities	<u>2,311,507.21</u>	<u>1,613,498.75</u>
Long-Term Liabilities		
DW Loan Payable	-	-
WKK Payable	564,878.93	564,878.93
USDA Note Payable	-	-
ATTTB Payable	34,328,934.86	35,743,623.12
USDA Payable	5,878,510.61	1,054,702.65
FDA Payable	3,284,001.93	3,669,072.93
MSA SC Payable	2,600,567.98	2,720,567.98
MSA IN Payable	3,786,121.00	4,206,121.00
Total Long-Term Liabilities	<u>50,443,015.31</u>	<u>47,958,966.61</u>
Total Liabilities	52,754,522.52	49,572,465.36
Equity		
Common Stock	1,000.00	1,000.00
Additional Paid in Capital	6,228,992.40	6,228,992.40
Retained Earnings	(30,719,003.82)	(24,151,937.30)
Net Income	(3,692,736.51)	(6,567,066.52)
Dividends Paid	-	-
Total Equity	<u>(28,181,747.93)</u>	<u>(24,489,011.42)</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 24,572,774.59</u>	<u>\$ 25,083,453.94</u>

**King Mountain Tobacco
Income Statement
For the Year Ended**

	<u>12/31/2019</u>
INCOME	
Cigarette Sales	\$ 29,729,225.00
RYO Sales	79,480.40
Farming Income	349,895.70
Consulting/Licensing/Contract Man	21,514.00
Other Income	171,083.47
Sales Discounts	<u>(405,183.93)</u>
Total Income	29,946,014.64
COGS - TOBACCO PRODUCTS	
Tobacco	1,238,603.16
Packaging & Raw Materials	1,014,070.91
Direct Labor, Taxes & Benefits	1,405,096.82
Direct Costs	1,322,398.56
COGS - Cigarettes	-
COGS - RYO	-
Shipping Expense	314,384.49
Change in Inventory	<u>1,309,690.91</u>
Total COGS - TP	6,604,244.85
COGS - FARMING	
Alfalfa Direct Expense	513,628.16
Corn Direct Expense	(103,044.48)
Wheat Direct Expense	-
Tobacco Growing, Curing & Harvest	<u>21,187.92</u>
Total COGS - Farming	431,771.60
TAXES	
ATTTB Excise Tax Expense	18,071,591.61
MSA Tax Expense	2,361,204.84
FDA Tax Expense	642,136.14
Tribal Tax Expense	<u>757,500.00</u>
Total Tax Expense	<u>21,832,432.59</u>
Gross Profit	1,077,565.60

**King Mountain Tobacco
Income Statement
For the Year Ended**

	<u>12/31/2019</u>
OPERATING EXPENSE (Tobacco Products)	
Advertising Expense	399.00
Auto Insurance	27,841.58
Bank & Finance Charges	4,985.43
Blending Line Expense	-
Boiler Expense	-
Business License & Fees Expense	10,274.50
Consulting Expense	196,072.25
Contract Labor Expense	450,000.00
Contributions Expense	61,336.04
Depreciation Expense	233,935.86
Drug Testing Expense	5,256.38
Dues & Subscriptions Expense	870.00
Employee Benefits Expense	28,572.72
General Liability & Bond Insurance	59,313.48
Internet & Website Expense	15,744.49
Lease Expense	3,477.18
Legal Fees	597,960.26
Meetings Expense	-
Miscellaneous Expense	24,502.27
Non-Sales - Travel and M&E Expense	175,838.82
Office Expense	83,572.65
Other Insurance Expense	436,002.61
Other Professional Fees	286,096.11
Promotional Expense	121,565.25
Property Taxes	-
R&D Expense	34,805.00
Building and Land Rent Expense	761.34
Repairs & Maintenance Expense	750,708.06
Safety & Security Expense	21,806.37
Sales - Travel and M&E Expense	59,285.32
Telephone Expense	30,249.07
Threshing Line Expense	-
Utilities Expense	109,773.86
Vehicle Expense	69,367.87
Wages - Admin	823,307.90
Wages - Sales	208,800.30
Wages - Security	222,717.01
Wages - Warehouse	812,878.64
Payroll Taxes	225,165.60
Medical Insurance Expense	546,819.28
Warehouse Supplies Expense	31,123.32
Workers Comp Insurance Expense	123,452.00
Direct Costs Allocated to COGS	(2,727,495.38)
Capitalized Expenses	-
Total Operating Expense (TP)	<u>4,167,142.44</u>

**King Mountain Tobacco
Income Statement
For the Year Ended**

12/31/2019

OPERATING EXPENSE (Farming & Cattle)

Farming Leasing Expense	280,155.79
Farming Equipment Rental	109,658.13
Farming Fuel Expense	156,323.48
Farming Other Expenses	35,763.86
Farming Property Insurance Expense	41,995.40
Farming Repairs & Maintenance	554,055.67
Farming Supplies Expense	68,957.13
Farming Utilities Expense	82,387.29
Farming Wages	909,054.09
Farming Workers Comp	-
Cattle Wages	-
Cattle Workers Comp	-
Farming Auto Insurance	74,726.37
O&M Expense (Water)	425,647.17
Depreciation Expense - Farm	737,583.92
Transferred Farming Expense	-
Transferred Wages & PR Taxes	-
Total Operating Expense (Farming)	<u>3,476,308.30</u>

Total Operating Expense	<u>7,643,450.74</u>
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Net Ordinary Income	(6,565,885.14)
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OTHER INCOME (EXPENSE)

Interest Income	1,647,954.42
Miscellaneous Income	1,414,688.26
Bad Debt	-
Interest Expense	(189,494.05)
Inventory Adjustment	-
Gain/Loss Sale of Assets	-
Non-Operating Expense	-
Penalties	-
Suspense Account	-
Net Other Income (Expense)	<u>2,873,148.63</u>

Net Income	<u>\$ (3,692,736.51)</u>
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**King Mountain Tobacco
Statement of Cash Flows
For the Year Ended**

	<u>12/31/2019</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 30,476,183.06
Cash paid to suppliers	(9,149,464.07)
Cigarette taxes paid	(19,186,368.71)
Cash paid to employees	(3,203,577.17)
Interest Income	1,647,954.42
Other cash received	1,414,688.26
Other cash paid	-
Interest Expense	(189,494.05)
Net cash from Operations	1,809,921.74
 Cash Flows from Investing Activities	
Purchase of property, plant & equipment	(289,185.42)
Proceeds from the sale of PP&E	-
(Increase) Decrease in Office Loan Receivable	-
(Increase) Decrease in intercompany receivable	(719,743.23)
Net cash from Investing	(1,008,928.65)
 Cash Flows from Financing Activities	
Owner Distributions	-
Increase (Decrease) in intercompany payables	-
Payments on Long-term Debt	-
Net cash from Financing	-
 Net Increase (Decrease) in cash	800,993.09
Cash, Beginning of Period	382,252.98
Cash, End of Period	\$ 1,183,246.07

Reconciliation of net income to net cash provided by Operations

Net Income	\$ (3,692,736.51)
Depreciation Expense	971,519.78
Bad Debt Expense	-
Lease Expense recorded to Officer Loan	-
Inventory Adjustment	-
Non-Cash Lease Expense	-
(Gain) Loss on Sale of Fixed Assets	-
(Increase) Decrease in Accounts Receivable	530,168.42
(Increase) Decrease in Inventory	1,309,690.91
(Increase) Decrease in Retainers/Deposits	125,000.00
(Increase) Decrease in Prepaid Expense	(620,078.02)
(Increase) Decrease in Employee Receivable	4,300.00
Increase (Decrease) in Accounts Payable	541,946.91
Increase (Decrease) in Payroll Liabilities	(5,953.63)
Increase (Decrease) in Taxes Payable	2,646,063.88
Net Cash from Operations	\$ 1,809,921.74

EXHIBIT C

King Mountain Tobacco
Balance Sheets
As of

	<u>12/31/2018</u>	<u>12/31/2017</u>
ASSETS		
Current Assets		
Cash	\$ 382,253	\$ 1,533,448
Accounts Receivable	1,699,526	1,502,685
Inventory	5,073,674	4,418,150
Retainers/Deposits	250,000	-
Prepaid Expense	-	-
Total Current Assets	7,405,452.58	7,454,282.33
Long-Term Receivables		
Intercompany Receivables	11,958,994	11,583,422
Employee Receivables	193,355	200,262
Notes Receivable	-	948,722
Total Long-Term Receivables	12,152,348.85	12,732,405.48
Fixed Assets		
Land Improvements	-	-
Buildings	-	-
Equipment	14,910,753	17,382,643
Vehicles	136,325	760,672
Construction in Progress	246,686	200,000
Accumulated Depreciation	(9,768,111)	(9,946,230)
Net Fixed Assets	5,525,653	8,397,084
TOTAL ASSETS	\$ 25,083,454	\$ 28,583,772
LIABILITIES & EQUITY		
Current Liabilities		
DW Loan Payable	\$ -	\$ -
Accounts Payable	628,784	831,402
Current Regulatory Taxes Payable	981,597	1,242,759
Accrued Expenses	3,117	3,132
Total Current Liabilities	1,613,499	2,077,293
Long-Term Liabilities		
Intercompany Payables	564,879	564,879
Notes Payable	-	-
Regulatory Agencies Payable	47,394,088	45,289,823
Total Long-Term Liabilities	47,958,967	45,854,702
Total Liabilities	49,572,465	47,931,995
Equity		
Common Stock & APIC	6,229,992	4,803,714
Retained Earnings	(30,719,004)	(24,151,937)
Total Equity	(24,489,011)	(19,348,223)
TOTAL LIABILITIES & EQUITY	25,083,454	28,583,772

**King Mountain Tobacco
Income Statement
For the Year Ended**

	<u>12/31/2018</u>
INCOME	
Tobacco Sales	\$ 30,654,598
Farming Income	-
Consulting/Licensing/Contract Man	1,109,282
Sales Discounts	<u>(362,092)</u>
Total Income	31,401,787
Cost of Goods Sold	
Tobacco	1,880,877
Raw Materials	1,372,093
Direct Labor & Costs	1,056,186
Shipping	404,305
Growing Expense	338,701
Change in Inventory	705,188
Excise Taxes	<u>20,639,030</u>
Total COGS	26,396,380
Gross Profit	5,005,407
OPERATING EXPENSES	
Wages & Benefits	3,971,697
Professional Fees	1,732,534
Rent Expense	3,581,749
Repairs & Maintenance	393,465
Insurance	713,354
Operations	587,935
Fuel Expense	119,935
Depreciation Expense	1,304,687
Travel Expense	283,720
Irrigation Expense	336,697
Utilities	183,753
Advertising	134,913
Direct Costs Allocated to COGS	(1,056,186)
Capitalized Expenses	<u>-</u>
Total Operating Expense	<u>12,288,252</u>
Net Ordinary Income	(7,282,845)
OTHER INCOME (EXPENSE)	
Interest Income	838,812
Miscellaneous Income	15
Bad Debt	55,157
Interest Expense	(55,736)
Inventory Adjustment	1,721,704
Gain/Loss Sale of Assets	(1,844,174)
Other Nonoperating Expenses	<u>-</u>
Net Other Income (Expense)	<u>715,779</u>
Net Income	\$ <u>(6,567,067)</u>

King Mountain Tobacco
Balance Sheets
As Of

	<u>12/31/2018</u>	<u>12/31/2017</u>
ASSETS		
Current Assets		
Cash	\$ 382,252.98	\$ 1,533,447.64
Accounts Receivable	1,699,526.02	1,502,684.97
Wheeler Tobacco Inventory	2,599,614.42	2,443,583.96
Processed Tobacco Inventory	159,362.34	157,993.00
Packing/Supplies Inventory	504,442.61	504,303.49
Cigarette Inventory	1,805,420.37	1,306,653.84
RYO Inventory	4,833.84	5,615.43
Retainers/Deposits	250,000.00	-
Prepaid Expense	-	-
Total Current Assets	7,405,452.58	7,454,282.33
Long-Term Receivables		
Farming Receivable	-	-
Mt. Tobacco Receivable	4,705,351.18	4,647,003.38
Logging Receivable	4,245,580.95	4,200,154.04
Rock Pit Receivable	1,521,198.38	1,521,198.38
Cattle Receivable	972,077.23	646,314.06
Pawn Stars Receivable	282,993.20	282,993.20
WFD Receivable	249,999.72	249,999.72
Neon Native Receivable	-	53,965.41
SNG Receivable	(18,206.34)	(18,206.34)
Employee Receivable	126,945.44	133,852.94
Kamiakin Wheeler Receivable	66,409.09	66,409.09
Federal Gov Receivable	-	-
Notes Receivable	-	-
Officer Loan Receivable	-	948,721.60
Total Long-Term Receivables	12,152,348.85	12,732,405.48
Fixed Assets		
Land Improvements	-	-
Buildings	-	-
Threshing & Blending Lines	-	2,484,660.10
Boiler	560,825.00	560,825.00
Equipment	4,909,051.04	4,896,281.10
Farm Equipment	-	-
Furniture & Fixtures	39,466.20	39,466.20
Vehicles	136,324.53	760,671.63
Computers & Software	13,300.00	13,300.00
Greenhouses - Farm	1,096,557.15	1,096,557.15
Burley Barns - Farm	927,635.19	927,635.19
Equipment - Farm	2,400,902.76	2,400,902.76
Kilns - Farm	1,744,058.32	1,744,058.32
Other Improvements - Farm	738,162.98	738,162.98
Irrigation - Farm	2,480,794.17	2,480,794.17
Contruotion in Progress	246,686.25	200,000.00
Accumulated Depreciation	(4,128,935.01)	(5,173,012.89)
Accumulated Depreciation - Farm	(5,639,176.07)	(4,773,217.44)
Net Fixed Assets	5,525,652.51	8,397,084.27
TOTAL ASSETS	\$ 25,083,453.94	\$ 28,583,772.08

**King Mountain Tobacco
Balance Sheets
As Of**

	<u>12/31/2018</u>	<u>12/31/2017</u>
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	\$ 628,784.32	\$ 831,402.10
Payroll Liabilities	3,117.47	3,132.47
Short-Term TTB Payable	419,688.25	466,686.49
Short-Term MSA Payable	561,908.71	575,759.91
Short-Term FDA Tax Payable	-	200,312.28
Other Short-Term Payables	-	-
Total Current Liabilities	<u>1,613,498.75</u>	<u>2,077,293.25</u>
Long-Term Liabilities		
DW Loan Payable	-	-
WKK Payable	564,878.93	564,878.93
USDA Note Payable	-	888,783.39
ATTTB Payable	35,743,623.12	35,743,623.12
USDA Payable	1,054,702.65	438,162.09
FDA Payable	3,669,072.93	822,565.62
MSA SC Payable	2,720,567.98	2,850,567.98
MSA IN Payable	4,206,121.00	4,546,121.00
Total Long-Term Liabilities	<u>47,958,966.61</u>	<u>45,854,702.13</u>
Total Liabilities	49,572,465.36	47,931,995.38
Equity		
Common Stock	1,000.00	1,000.00
Additional Paid in Capital	6,228,992.40	4,802,714.00
Retained Earnings	(24,151,937.30)	(16,451,132.04)
Net Income	(6,567,066.52)	(7,700,805.26)
Dividends Paid	-	-
Total Equity	<u>(24,489,011.42)</u>	<u>(19,348,223.30)</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 25,083,453.94</u>	<u>\$ 28,583,772.08</u>

**King Mountain Tobacco
Income Statement
For the Year Ended**

	<u>12/31/2018</u>
INCOME	
Cigarette Sales	\$ 30,564,905.00
RYO Sales	89,417.60
Farming Income	-
Consulting/Licensing/Contract Man	1,109,282.00
Other Income	275.00
Sales Discounts	<u>(362,092.29)</u>
Total Income	31,401,787.31
COGS - TOBACCO PRODUCTS	
Tobacco	2,009,600.29
Packaging & Raw Materials	1,372,092.76
Direct Labor, Taxes & Benefits	510,721.62
Direct Costs	545,464.25
COGS - Cigarettes	(130,035.69)
COGS - RYO	1,312.10
Shipping Expense	404,305.43
Change in Inventory	<u>705,188.09</u>
Total COGS - TP	5,418,648.85
COGS - FARMING	
Alfalfa Direct Expense	35,410.05
Corn Direct Expense	247,093.57
Wheat Direct Expense	23,999.74
Tobacco Growing, Curing & Harvest	<u>32,198.00</u>
Total COGS - Farming	338,701.36
TAXES	
ATTTB Excise Tax Expense	13,513,342.99
MSA Tax Expense	2,262,167.77
FDA Tax Expense	3,986,019.44
Tribal Tax Expense	<u>877,500.00</u>
Total Tax Expense	<u>20,639,030.20</u>
Gross Profit	5,005,406.90

**King Mountain Tobacco
Income Statement
For the Year Ended**

	<u>12/31/2018</u>
OPERATING EXPENSE (Tobacco Products)	
Advertising Expense	370.00
Auto Insurance	9,637.34
Bank & Finance Charges	2,452.22
Blending Line Expense	-
Boiler Expense	80.34
Business License & Fees Expense	7,807.00
Consulting Expense	142,788.21
Contract Labor Expense	336,750.00
Contributions Expense	32,904.76
Depreciation Expense	438,728.73
Drug Testing Expense	7,508.75
Dues & Subscriptions Expense	10,075.47
Employee Benefits Expense	29,805.08
General Liability & Bond Insurance	144,219.34
Internet & Website Expense	14,701.77
Lease Expense	90,761.16
Legal Fees	638,777.69
Meetings Expense	-
Miscellaneous Expense	126,563.80
Non-Sales - Travel and M&E Expense	153,248.95
Office Expense	83,123.35
Other Insurance Expense	463,636.11
Other Professional Fees	950,968.08
Promotional Expense	134,543.13
Property Taxes	-
R&D Expense	55,965.41
Building and Land Rent Expense	375,000.00
Repairs & Maintenance Expense	171,733.34
Safety & Security Expense	3,761.08
Sales - Travel and M&E Expense	114,720.52
Telephone Expense	46,399.23
Threshing Line Expense	194,331.54
Utilities Expense	68,696.30
Vehicle Expense	15,750.06
Wages - Admin	696,730.47
Wages - Sales	220,269.16
Wages - Security	207,828.77
Wages - Warehouse	832,295.38
Payroll Taxes	209,110.70
Medical Insurance Expense	521,710.55
Warehouse Supplies Expense	32,600.73
Workers Comp Insurance Expense	48,659.50
Direct Costs Allocated to COGS	(1,056,185.87)
Capitalized Expenses	-
Total Operating Expense (TP)	<u>6,578,828.15</u>

**King Mountain Tobacco
Income Statement
For the Year Ended**

	<u>12/31/2018</u>
OPERATING EXPENSE (Farming & Cattle)	
Farming Leasing Expense	3,085,322.72
Farming Equipment Rental	30,665.18
Farming Fuel Expense	119,934.77
Farming Other Expenses	1,090.32
Farming Property Insurance Expense	41,084.55
Farming Repairs & Maintenance	221,731.72
Farming Supplies Expense	14,968.16
Farming Utilities Expense	68,657.68
Farming Wages	813,632.98
Farming Workers Comp	54,904.00
Cattle Wages	-
Cattle Workers Comp	-
Farming Auto Insurance	54,776.34
O&M Expense (Water)	336,697.03
Depreciation Expense - Farm	865,958.63
Transferred Farming Expense	-
Transferred Wages & PR Taxes	-
Total Operating Expense (Farming)	<u>5,709,424.08</u>
Total Operating Expense	<u>12,288,252.23</u>
Net Ordinary Income	(7,282,845.33)
OTHER INCOME (EXPENSE)	
Interest Income	838,812.38
Miscellaneous Income	15.00
Bad Debt	55,156.90
Interest Expense	(55,736.31)
Inventory Adjustment	1,721,704.43
Gain/Loss Sale of Assets	(1,844,173.59)
Non-Operating Expense	-
Penalties	-
Suspense Account	-
Net Other Income (Expense)	<u>715,778.81</u>
Net Income	<u>\$ (6,567,066.52)</u>

**King Mountain Tobacco
Statement of Cash Flows
For the Year Ended**

	<u>12/31/2018</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 31,260,103.16
Cash paid to suppliers	(10,772,484.83)
Cigarette taxes paid	(18,795,927.44)
Cash paid to employees	(2,972,974.96)
Interest Income	838,812.38
Other cash received	15.00
Other cash paid	-
Interest Expense	(55,736.31)
Net cash from Operations	(498,193.00)
 Cash Flows from Investing Activities	
Purchase of property, plant & equipment	(277,429.19)
Proceeds from the sale of PP&E	-
(Increase) Decrease in Office Loan Receivable	-
(Increase) Decrease in intercompany receivable	(375,572.47)
Net cash from Investing	(653,001.66)
 Cash Flows from Financing Activities	
Owner Distributions	-
Increase (Decrease) in intercompany payables	-
Payments on Long-term Debt	-
Net cash from Financing	-
Net Increase (Decrease) in cash	(1,151,194.66)
Cash, Beginning of Period	1,533,447.64
Cash, End of Period	\$ 382,252.98

Reconciliation of net income to net cash provided by Operations

Net Income	\$ (6,567,066.52)
Depreciation Expense	1,304,687.36
Bad Debt Expense	(55,156.90)
Lease Expense recorded to Officer Loan	-
Inventory Adjustment	(1,721,704.43)
Non-Cash Lease Expense	2,375,000.00
(Gain) Loss on Sale of Fixed Assets	1,844,173.59
(Increase) Decrease in Accounts Receivable	(141,684.15)
(Increase) Decrease in Inventory	1,066,180.57
(Increase) Decrease in Retainers/Deposits	(250,000.00)
(Increase) Decrease in Prepaid Expense	-
(Increase) Decrease in Employee Receivable	6,907.50
Increase (Decrease) in Accounts Payable	(202,617.78)
Increase (Decrease) in Payroll Liabilities	(15.00)
Increase (Decrease) in Taxes Payable	1,843,102.76
Net Cash from Operations	\$ (498,193.00)